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Central Intelligence Agency

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DIRECTORATE OF INTELLIGENCE

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Multilateral Development Banks: Their Role in LDC Financing

Summary

Multilateral development banks (MDBs) -- the World Bank and the Inter-American, African, and Asian Development Banks -- play an important secondary role in LDC financing, holding about 15 percent of total LDC debt. The distribution of these loans varies widely among individual countries and regions. The regional MDBs lend to countries that are in the same region as the bank, while the World Bank and its affiliates extend loans on a global basis. To date the largest individual country borrowers from the MDBs on a cumulative basis have been Brazil, Colombia, India, Indonesia, Mexico, the Philippines, South Korea, Turkey, and Yugoslavia. Low income countries in Africa and Asia are most dependent on these loans, with one-third of their debt held by MDBs. [redacted] 25X1

MDB loans favor specific sectors of the Third World economy. Agriculture continues to be a major area of importance because of the promotion of food self-sufficiency. Social programs and industrial projects are also major targets for MDB funds, while the energy sector has attracted more funds since the mid-1970s. [redacted] 25X1

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Lending from official sources -- both governments and MDBs -- is playing a greater role in the financial rescue packages that are being assembled for troubled debtors. Commercial banks recently have stressed the need for greater official financing for LDCs such as Argentina and the Philippines because the banks are unwilling to be the only provider of funds. In addition, the IMF has requested specific commitments of official credits prior to approval of Fund assistance programs. 25X1

Nonetheless, we doubt that MDBs will replace commercial banks as a major source of funds for the more developed LDCs. Western industrial governments are unwilling to substantially increase contributions, and there are sound arguments against substantially increased institutional borrowing on international capital markets. MDBs, however, will remain a key source of funds for the poorer LDCs. Increased MDB links with private creditors would be beneficial to all parties, particularly as a complement to the IMF's involvement in short-term economic adjustment. 25X1

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MULTILATERAL DEVELOPMENT BANKS: THEIR ROLE IN LDC FINANCING

History of Multilateral Development Banks

Multilateral development banks (MDBs) had their beginning after World War II with the formation of the International Bank for Reconstruction and Development (IBRD) -- the World Bank -- as part of the Bretton Woods agreement on international monetary reform. The purpose of the World Bank was, and continues to be, to promote the economic and social development of less developed countries (LDCs). 25X1

Since its creation in 1945, the IBRD has undergone substantial growth and evolution, expanding from a single institution to a three-part lending operation. The International Finance Corporation (IFC) -- created in 1956 -- attempts to promote and support private enterprise in the Third World by bringing together foreign and domestic investment capital for development projects. The other affiliate, the International Development Association (IDA), was established in 1960 to provide concessional lending to the poorest LDCs. (Table 1) 25X1

Besides the World Bank group, three other major regional development banks have been created. The Inter-American Development Bank (IADB) was formed in 1959 in response to a plea from Latin American nations for funds to increase their political and economic cooperation. The United States took the lead and became the major contributor to the bank. US motives for contributing to the IADB, however, were not solely humanitarian in nature; financial journals suggest that the Eisenhower administration chose to support the IADB in order to encourage Latin American nations to manage their countries in a way that was consistent with US policy for the region. 25X1

Unlike the IADB, which accepts contributions from countries outside the region, the African Development Bank (AFDB) was formed in 1964 by African nations who wanted to control the financing of their economic development. Although the AFDB initially limited its members to African nations, non-regional developed countries were permitted to join in 1967 in order to fund the bank's new "soft window"[1] lending facility, the African Development Fund (AFDF). 25X1

[1] "Soft window" facilities are designed for lending to the poorest LDCs, which are unable to meet the terms of general MDB loans. 25X1

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Table 1

Major Multilateral Development Banks

	Headquarters	Year Est.	No. of Members
World Bank (IBRD)	Washington	1945	148
International Finance Corporation (IFC)	Washington	1956	125
International Development Association (IDA)	Washington	1960	131
Inter-American Development Bank (IADB)	Washington	1959	43
African Development Bank (AFDB)	Abidjan, Ivory Coast	1964	72
Asian Development Bank (ADB)	Manila, Philippines	1965	45

A third major regional development bank, the Asian Development Bank (ADB), was created in 1965. Asian countries relied heavily on non-regional capital to establish the ADB, with the United States and Japan contributing the largest sums. The ADB also established the Asian Development Fund (ADF) in order to provide concessional funds to the region's poorest members. 25X1

Operations of MDBs

MDBs operate much like commercial banks. A board of directors approves individual bank loans while the representatives of member countries vote on policy matters. All MDBs are funded primarily by members' subscriptions and by borrowing on international capital markets. Since MDBs attempt to promote long-term development projects in the Third World, however, their lending terms are more concessional than those of commercial banks. 25X1

Structural Organization

MDBs, like many international organizations, were established by the efforts of various member nations. The major contributors to MDBs are Western industrial nations, with the remaining contributions coming from regional member countries. In all cases, the amount of capital a country contributes to an MDB determines that country's voting power. A country's voting power, in turn, determines its representation on an MDB's board of directors. This board oversees bank operations and elects the bank president in addition to approving loans. Each MDB also has a second governing body, the board of governors, which is comprised of one delegate from each member country. The board of governors meets annually to elect the board of directors and vote on policy matters. 25X1

The distribution of voting power varies among individual MDBs. The World Bank's voting is controlled by Western industrial nations, which have about 59 percent of the total votes as opposed to 41 percent for the LDCs. The United States is by far the most influential IBRD member with more than 19 percent of the votes. These same patterns exist in the IDA and IFC. Among the regional development banks, the regional members control the majority of the votes in each case (ADB- 64 percent, AFDB- 65 percent, and IADB- 93 percent). The United States is a major shareholder in each of these MDBs. (Table 2) 25X1

Funding

In order to finance their lending for development projects, MDBs obtain funds from three sources (Table 3):

- Member countries provide capital subscriptions, known as general capital increases (GCIs). A GCI, which is authorized periodically by each MDB, is composed of two parts. One portion of a member country's subscribed capital -- known as "paid-in" capital -- is distributed

Table 2
MDBs: Member Countries' Voting Power, 1983

IBRD	Percent of Total
United States	19.20
United Kingdom	6.15
West Germany	5.97
Japan	5.94
France	5.03
China	4.09
India	4.01
Italy	3.47
Canada	3.22
Netherlands	2.65
Australia	2.24
Belgium	2.19
Saudi Arabia	1.98
Brazil	1.89
Indonesia	1.38
Venezuela	1.35
Sweden	1.31
Others	27.93

IDA	Percent of Total
United States	19.54
West Germany	7.14
Japan	7.06
United Kingdom	7.01
France	3.74
Canada	3.45
India	3.27
Italy	2.58
Sweden	2.40
Saudi Arabia	2.22
Netherlands	2.00
China	1.90
Brazil	1.70
Argentina	1.69
Australia	1.44
Belgium	1.21
Spain	1.20
Others	30.45

IFC	Percent of Total
United States	25.53
United Kingdom	6.63
West Germany	5.81
France	5.17
Japan	4.48
Canada	3.68
India	3.48
Italy	3.36
Netherlands	2.56
Belgium	2.43
Australia	2.16
Brazil	1.81
Argentina	1.75
Saudi Arabia	1.65
Indonesia	1.32
Venezuela	1.28
Sweden	1.25
Others	25.65

IADB	Percent of Total
United States	35.00
Brazil	12.12
Argentina	10.59
Mexico	7.80
Venezuela	5.68
Canada	4.58
Chile	3.33
Colombia	3.33
Peru	1.43
Uruguay	1.31
Japan	1.13
United Kingdom	1.01
West Germany	0.91
France	0.89
Italy	0.89
Spain	0.89
Bolivia	0.86
Others	36.66

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Table 2 (cont.)
MDBs: Member Countries' Voting Power, 1983

AFDB	Percent of Total	ADB	Percent of Total
Nigeria	8.21	United States	17.97
United States	5.86	Japan	8.99
Libya	5.09	India	8.59
Japan	4.85	Australia	7.89
Egypt	4.60	Canada	7.18
West Germany	3.67	South Korea	6.93
Algeria	3.58	Indonesia	3.86
Canada	3.36	Philippines	3.51
France	3.36	West Germany	3.16
Zaire	3.32	United Kingdom	3.07
Morocco	3.03	New Zealand	2.42
Zimbabwe	2.77	Malaysia	2.15
Zambia	2.62	Pakistan	1.81
Ivory Coast	2.57	France	1.51
Ghana	2.49	Italy	1.30
Italy	2.21	Thailand	1.30
Ethiopia	1.75	China	1.13
Others	36.66	Others	17.23

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Table 3
MDB RESOURCES - 1983 [1]

(Million US $)

	Paid-In Capital	Borrowings	Reserves, Accumulated Net Income	Total Primary Resources	Callable Capital
IBRD	4,968	45,015	4,342	54,325	51,042
IDA[2]	n.a.	n.a.	n.a.	30,452	n.a.
IFC	544	583	263	1,390	n.a.
IADB	1,250	2,476	1,487	5,213	12,355
AFDB	1,321	1,224	145	2,690	3,964
ADB	1,658	3,418	1,133	6,209	9,852

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1 Data for the IBRD, IDA, and IFC are for fiscal year 1984 (1 July 1983 - 30 June 1984).

2 The IDA obtains its resources primarily from subscriptions, supplementary resources, contributions, and transfers from the IBRD.

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to the MDB. The remainder of the subscription -- or "callable" capital -- is held on reserve by the member country and can be drawn upon by the MDB at any time should the MDB encounter liquidity problems. To date, no MDB has ever requested the backing of callable capital.

- The MDBs borrow on international capital markets by selling bonds to governments and private investors. Because large amounts of callable capital back MDB bond issues and debtor governments traditionally have agreed not to default on MDB loans, MDB bond issues receive extremely high ratings from investors (usually AAA). MDBs, therefore, are able to acquire a large portion of their resources in the bond market.

- The banks also retain earnings from MDB loan portfolios and other investments. Fees and interest earned on loans to member countries and interest realized on reserve holdings are included here. [redacted] 25X1

Lending

MDB member countries receive funds primarily in the form of loans tied to specific development projects. Prior to approval of a loan, a study is undertaken by the MDB to determine the feasibility of the project and the ability of the borrower to repay the loan. When a member country receives a project loan, it is usually issued in a hard currency -- such as US dollars, Japanese yen, or British pounds. [redacted] 25X1

Another type of MDB lending is cofinancing, which involves the joint financing of a development project by an MDB and other sources outside the borrowing country. The three main categories of cofinancing partners are: official sources, which include governments, their agencies, and multilateral financial institutions; export credit agencies; and private financial institutions, including commercial banks, insurance companies, and pension funds. Cofinancing has not been used to a great extent in recent years because of the difficult market conditions affecting the availability of private-sourced credits. The amount of cofinancing in the past few years has been about $6-8 billion, most of it being provided through the World Bank. Over the past decade, the lower income LDCs have received the greater number of cofinancing loans, but the high income countries have obtained a larger amount of funds. Most of the cofinancing has gone toward projects in the energy, industry, transportation, and agriculture sectors. [redacted] 25X1

An additional type of MDB loan, which is unique to the World Bank, is the structural adjustment loan (SAL). Structural adjustment lending was introduced in 1980 as the IBRD's way to help developing countries that were experiencing serious balance-of-payments problems following the 1979 oil price hikes. The

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basic objectives of an SAL are:

- To support a program of specific policy changes and institutional reforms to contribute to a sustainable balance-of-payments position over the medium and long term.

- To provide foreign exchange to assist a country in meeting the transitional costs of needed structural changes.

- To act as a catalyst for lending by other creditors to help ease the balance-of-payments situation.

The SAL -- which is similar to an IMF Extended Fund Facility arrangement -- is monitored by the World Bank on a regular basis over the life of the loan, usually one year. If the time required to accomplish needed reforms extends over several years, a series of SALs may be provided. SALs usually consist of two tranches, one of which is disbursed on signing of the agreement and the other upon satisfactory completion of IBRD review. [redacted] 25X1

Since the inception of the SAL program, the IBRD has approved 27 SALs in 16 countries for a total of over $4 billion. Kenya, Turkey, and Bolivia were the first recipients of SALs, during FY1980. The number of SALs approved by the IBRD jumped to seven in FY1981, but the total has remained in the 5-7 range through FY1984. [redacted] 25X1

The IFC differs from other MDBs in that it also makes equity investments in private companies in its member countries. These investments are always undertaken with others; local investors and financial institutions are particularly important, providing more than half the financing for ventures assisted by the IFC. Even though it holds equity in companies, the IFC rarely gets involved in the management of the firms. The IFC maintains a continuing interest, however, through field visits and periodic consultations with management. The IFC's investment portfolio changes over time as it sells some of its shares to other investors, preferably in the country where the company is based. [redacted] 25X1

Because MDBs attempt to promote long-term economic and social development in LDCs, their lending terms differ from those extended by commercial banks on the international capital markets. (Table 4) Commercial banks generally provide short- and medium-term financing at market interest rates, while MDBs extend long-term credits at concessional or below-market rates. Most commercial bank credits are based on floating interest rates such as LIBOR -- the London Interbank Offer Rate -- but MDBs traditionally have extended loans at fixed interest rates over the life of the loan. The IBRD and IADB, however, have changed their lending policies somewhat in the past year. These MDBs

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Table 4
COMPARATIVE MDB LENDING TERMS
As of 1 July 1984

	IBRD	IDA	IADB	AFDB	ADB	Commercial Banks[1]
Current Lending Rate (Percent)	9.89	None	9.50	9.86	10.25	12.50
Type of Rate	Variable	--	Variable	Fixed	Fixed	Variable
Commitment Fee (Percent)	0.75	0.50	1.25	1.00	0.75	0.25-0.50
Other Service Charge (Percent)	0.25	0.75	1.00	1.00	--	0.1-1.0
Maturity (Years)	15-20	50	15-25	12-20	13-27	4-10
Grace Period (Years)	3-5	10	10	2-7	3-7	1-5

[1] Average 1984 loan terms for LDC borrowers.

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still fix the interest rate on their loans, but the rate is adjusted periodically based on the institutions' cost of funds. [redacted] 25X1

The terms on loans from the IDA and the other "soft window" facilities are considerably easier than those of standard MDB project loans. For example, the IDA charges no interest on its loans and offers a 50-year maturity, including 10 years of grace. These soft loans are directed to the poorest LDCs; the IDA only lends to countries with an annual per capita GNP of less than $806 (in 1982 dollars). Fifty LDCs currently are eligible under this criterion. [redacted] 25X1

The Importance of MDBs

Many LDCs -- particularly poorer countries in Sub-Saharan Africa and South Asia -- are unable to obtain commercial bank credits because of their generally low credit ratings. MDBs, along with Western governments, provide the bulk of financing to these countries. About one-third of the some $65 billion in medium- and long-term debt held by low income LDCs in Africa and Asia is owed to multilateral creditors. This is in contrast to a figure of about 15 percent for all LDCs. [redacted] 25X1

In recent years, MDB lending has played a diverse role. In addition to providing funds to bolster the financial positions of specific countries, MDBs also have promoted the growth of certain sectors of the Third World economy. Whether distributing loans on a regional or sectoral basis, certain countries and sectors have attracted more emphasis than others. (Table 5) [redacted] 25X1

Regional Distribution

Although all LDC debtors seek MDB funds, the distribution of MDB loans varies widely among individual countries and regions. The regional MDBs -- IADB, ADB, AFDB -- by definition lend only to countries that are in the same region as the bank. The World Bank, IDA, and IFC, however, extend loans on a global basis. (See Annex). [redacted] 25X1

World Bank lending over the past five years has increased to all regions, with the most funds being directed toward Latin America. Close behind in terms of lending volume are South Asia, East Asia, and North Africa/Middle East. East and West Africa have obtained an increasing amount of IBRD credits, but they still lag far behind the totals of the other regions. During FY 1984, the largest individual borrowers from the IBRD were India, Brazil, and Indonesia. These three countries, along with Mexico, South Korea, Turkey, Colombia, the Philippines, and Yugoslavia, have the largest cumulative borrowing totals from the IBRD. [redacted] 25X1

The IDA's lending has been directed primarily to countries in South Asia and Sub-Saharan Africa. India, China, and Bangladesh were the largest individual IDA recipients in fiscal

[redacted] 25X1

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Table 5
MDB LENDING[1]

	1980	1981	1982	1983
IBRD				
Number of Loans	140	150	136	129
Commitments (Mil US$)	8,809	10,330	11,138	11,949
Disbursements (Mil US$)	5,063	6,326	6,817	8,580
IDA				
Number of Loans	106	97	107	106
Commitments (Mil US$)	3,482	2,686	3,341	3,575
Disbursements (Mil US$)	1,878	2,067	2,596	2,524
IFC				
Number of Loans	56	65	58	62
Commitments (Mil US$)	811	612	846	696
Disbursements (Mil US$)	587	530	374	381
IADB				
Number of Loans	88	81	79	74
Commitments (Mil US$)	2,309	2,493	2,744	3,045
Disbursements (Mil US$)	1,432	1,542	1,663	1,730
AFDB				
Number of Loans	63	72	77	79
Commitments (Mil US$)	571	636	766	930
Disbursements (Mil US$)	220	200	280	353
ADB				
Number of Loans	58	54	56	53
Commitments (Mil US$)	1,436	1,678	1,731	1,893
Disbursements (Mil US$)	579	667	795	937

1 Data for the IBRD, IDA, and IFC are for FY1981-FY1984.

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year 1984. Moreover, India is by far the largest cumulative IDA borrower, with Bangladesh and Pakistan a distant second and third, respectively. 25X1

The regional distribution of IFC loan commitments and equity investments is weighted more heavily toward the more developed LDCs. Latin America (especially Brazil, Mexico, and Argentina), Asia (India, Indonesia, South Korea, Pakistan, and Thailand), and Europe and the Middle East (Yugoslavia, Turkey, and Egypt) have the largest volume of cumulative IFC assistance. In recent years, however, the IFC has attempted to direct more of its lending to Africa in order to encourage private-sector development in a region that has been far behind other LDCs in the area of private investment. 25X1

<u>Sectoral Distribution</u>

MDBs favor certain countries when distributing funds, but they also favor specific sectors of the Third World economy.

- Agriculture traditionally has been a major area of concentration for MDB funds because of the historical importance development specialists have attached to promoting food self-sufficiency in developing countries. About one-third of all MDB lending in 1980 went for agriculture projects. Among the MDBs examined in this paper, only the IFC, which primarily supports industrial development, fails to allocate a substantial portion of its funds to agriculture.

- Social programs -- which include projects for education, population, health, and nutrition -- also account for a large part of MDB lending. These sectors are viewed by MDBs as essential to development for LDCs.

- The energy sector has taken on greater importance since the mid-1970s. MDBs have boosted their lending for energy projects to promote development of domestic energy sources as a substitute for high-cost imported energy.

- The IFC devotes most of its lending to projects involving light and heavy industry. The other MDBs also have directed more of their lending to the manufacturing sector in an attempt to boost LDC exports and import substitution.

Other sectors, which have varying degrees of importance among MDB lending, include transportation, communication, and tourism. (Table 6) 25X1

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Table 6
MDB LENDING BY SECTORS

(Percent)

	1975	1980	1983
IBRD			
Agriculture	28	22	21
Industry/Development Fin.	28	19	23
Transportation	19	16	13
Social Programs	8	14	11
Energy	11	25	22
Non-Project	5	4	10
Tourism	1	0	0
IDA			
Agriculture	40	46	39
Industry/Development Fin.	17	6	7
Transportation	11	6	16
Social Programs	10	12	21
Energy	2	24	9
Non-Project	20	6	8
IFC			
Agriculture	5	4	7
Light Industry	19	14	2
Heavy Industry	44	44	52
Fuel and Minerals	14	25	29
Service Industries	0	4	3
Financial Institutions	18	9	7
IADB			
Agriculture	24	27	16
Industry/Development Fin.	14	11	25
Transportation/Communication	22	20	6
Social Programs	16	16	16
Energy	22	23	32
Non-Project	2	2	2
Other	0	1	3
AFDB			
Agriculture	21	27	23
Transportation	28	26	24
Utilities	32	24	33
Industry/Development Fin.	8	16	10
Social Programs	11	7	10
ADB			
Agriculture	26	69	29
Industry/Development Fin.	8	7	19
Transportation/Communication	19	3	1
Social Programs	39	13	29
Energy	0	7	22
Other	8	0	0

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Lending to Debt-Troubled LDCs

Lending from official sources -- governments as well as MDBs -- is playing a greater role in the financial rescue packages that are being assembled for troubled debtors. Commercial banks recently have stressed the importance of greater official financing for LDCs such as Argentina and the Philippines because the banks are unwilling to be the only provider of funds. In addition, the IMF has requested specific commitments of official credits prior to approval of Fund assistance programs. The emphasis on increased involvement by all creditors in LDC financial packages has highlighted the need for continued MDB lending. [redacted] 25X1

The Outlook for MDBs

Despite the slow but steady annual growth in MDB commitments, the participants of the June 1984 London Economic Summit -- the Western industrial nations -- called for an "expanding role" for the World Bank in the Third World debt crisis. The Summit communiques did not specify the participants' expectations for expansion of the World Bank's role, but new provisions could include: supplementary technical assistance, increased lending, or more concessional lending terms. If the World Bank and other MDBs are to ease the plight of LDCs by providing them with additional funds, however, the MDBs must obtain additional resources. [redacted] 25X1

Although the potential for generating supplemental funds exists, problems will arise as MDBs attempt to expand their capital bases. MDBs rely heavily on GCIs to finance their lending during the period of time for which funds were allocated. If an MDB decided to increase present lending, then it would have less funds available for subsequent lending under the current GCI. For example, the World Bank is not due for another GCI until FY 1986. If the Bank were to substantially increase flows to LDCs in 1985, less money would be available to fund projects currently being planned for FY1986. [redacted] 25X1

The GCI scheduled for FY1986 is not assured, however. Confrontations between member countries and the IBRD could arise over the total amount of the proposed GCI and over changes in voting power because of reductions or augmentations in a country's subscribed capital. In addition, many member countries face budgetary constraints that could affect the timing and the amount of any proposed new commitment. Member nations also could question the World Bank's request for additional funding because the IBRD maintains a growing reserve of undisbursed funds and because retained earnings nearly equal yearly lending. The World Bank possesses the greatest retained earnings-to-disbursements ratio of any MDB; in some years, retained earnings have equalled 70 percent of all IBRD lending. [redacted] 25X1

[redacted] 25X1

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Because of the complexities of obtaining member approval for GCI and the time lag involved in receiving these funds, MDBs may have to borrow funds on the international capital markets to raise capital. Most financial observers believe the current outlook for increased MDB borrowing in capital markets is favorable. Even though most MDBs have stated in their program projections that they intend to increase borrowing, they cannot do so indefinitely because their capital-to-borrowing ratios would fall, resulting in lower bond ratings. This might cause investors to withdraw funds from the MDB bond market. [redacted] 25X1

A more feasible method of providing additional support to debt troubled LDCs is through increased use of cofinancing. Although cofinancing has not proved as effective as many MDBs had anticipated, the World Bank for one is proposing a new scheme to restructure its cofinancing program. The plan involves channeling initial loan repayments to the private investor with the World Bank being repaid later. [redacted] 25X1

Although this new approach would appear to enhance the attractiveness of cofinancing, problems exist that could hinder its growth:

- First, LDCs may decide not to engage in cofinancing. Since many of the debtors receive IMF assistance, they must comply with IMF-supported austerity measures and economic performance targets. A sudden inflow of cofinancing funds could cause debtors to surpass money supply targets. For example, press reports have stated that Brazil probably will reject a $2 billion cofinancing program for this reason.

- Second, there could be a lack of support from private creditors. Although the World Bank's new scheme seems to provide favorable terms to creditors engaging in cofinancing, there would be no official guarantee of repayment under the new program. Actually, private creditors receive no substantial benefits from cofinancing over direct investment in LDC projects. [redacted] 25X1
[redacted] 25X1

Nonetheless, we expect that MDB lending will continue to play an important, but secondary role in LDC financing. MDBs will remain major sources of long-term loans especially for development projects in poorer LDCs who continue to need to borrow at concessional rates. [redacted] 25X1

MDBs will not replace commercial banks as a major source of funds for the more developed LDCs, however. Despite calls for a greater role for the World Bank in the LDC debt situation, we believe the unwillingness of Western industrial governments to substantially increase contributions will restrict the power and influence of MDBs, including the World Bank, keeping the burden of LDC financing on commercial banks. [redacted] 25X1

[redacted] 25X1

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Even so, discussions among financial analysts continue over what role the IBRD, in particular, should play in LDC adjustment and the Bank is examining additional ways in which it can assist LDCs within the constraints of limited funds. For example, the IBRD has held discussions and consultations with official export credit agencies in OECD countries on ways to boost export credits to LDCs through increased cofinancing. The IBRD also has developed a proposal for a multilateral investment guarantee agency -- independent of the IBRD -- that would encourage investment in LDCs by issuing guarantees to investors. Overall, we believe greater MDB links with private creditors would be beneficial, particularly as a complement to the IMF's involvement in short-term economic adjustment. The MDBs and the IMF, however, will need to better coordinate their activities -- with clear lines of responsibility drawn -- in order to maximize the benefits for developing countries. 25X1

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ANNEX: MDB Lending to Individual Countries

This annex contains tables that show individual country borrowing from the six MDBs discussed in this paper -- the World Bank (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Inter-American Development Bank (IADB), the African Development Bank (AFDB), and the Asian Development Bank (ADB). The data cover the most recent year's loans along with the cumulative borrowing totals since the inception of the individual MDBs. 25X1

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MDB Lending to Individual Countries
WORLD BANK (IBRD)

(Million US $)

	FY1984 Total	Cumulative (FY1947-84)
Latin America		
Argentina	0	1,918
Bahamas	0	23
Barbados	14	60
Belize	0	5
Bolivia	0	299
Brazil	1,604	9,942
Chile	0	605
Colombia	464	4,145
Costa Rica	0	407
Dominican Rep.	4	296
Ecuador	0	694
El Salvador	0	216
Guatemala	50	346
Guyana	0	80
Haiti	0	3
Honduras	20	504
Jamaica	45	642
Mexico	576	7,316
Nicaragua	0	234
Panama	74	545
Paraguay	30	458
Peru	123	1,667
Trinidad/Tobago	0	125
Uruguay	0	456
Venezuela	0	383
Regional	0	43
East Asia		
Australia	0	418
China	616	1,179
Fiji	0	84
Indonesia	1,033	7,018
Japan	0	863
Korea, South	769	5,249
Malaysia	70	1,680
New Zealand	0	127
Papua New Guinea	49	194
Philippines	183	4,062
Singapore	0	181
Taiwan	0	329
Thailand	153	3,466

	FY1984 Total	Cumulative (FY1947-84)
Africa		
Botswana	45	222
Burundi	0	5
Cameroon	22	560
Congo	0	112
Ethiopia	0	109
Gabon	0	69
Ghana	0	207
Guinea	0	75
Ivory Coast	251	1,339
Kenya	145	1,167
Liberia	0	156
Madagascar	0	33
Malawi	18	93
Mali	0	2
Mauritania	0	126
Mauritius	60	189
Nigeria	438	2,574
Senegal	0	165
Sierra Leone	0	19
South Africa	0	242
Sudan	0	166
Swaziland	6	67
Tanzania	0	318
Togo	0	20
Uganda	0	8
Upper Volta	0	2
Zaire	0	220
Zambia	75	679
Zimbabwe	96	477
Regional	0	251
South Asia		
Bangladesh	0	46
Burma	0	33
India	1,721	7,275
Pakistan	132	1,229
Sri Lanka	12	149

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MDB Lending to Individual Countries
IBRD (continued)

(Million US $)

	FY1984 Total	Cumulative (FY1947-84)
Europe/Middle East/N.Africa		
Algeria	418	1,619
Austria	0	106
Belgium	0	76
Cyprus	44	240
Denmark	0	85
Egypt	458	2,487
Finland	0	317
France	0	250
Greece	0	491
Hungary	239	478
Iceland	0	47
Iran	0	1,211
Iraq	0	156
Ireland	0	153
Israel	0	285
Italy	0	400
Jordan	130	351
Lebanon	0	117
Luxembourg	0	12
Malta	0	8
Morocco	266	2,510
Netherlands	0	244
Norway	0	145
Oman	15	77
Portugal	73	1,016
Romania	0	2,184
Spain	0	479
Syria	30	536
Tunisia	135	1,347
Turkey	794	5,241
Yugoslavia	451	4,233

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MDB Lending to Individual Countries
INTERNATIONAL FINANCE CORPORATION (IFC)

(Million US$)

	FY1984 Total	Cumulative (FY1956-84)
Latin America		
Argentina	42.7	220.0
Barbados	0.3	0.3
Bolivia	0	9.3
Brazil	61.2	1044.3
Chile	0	56.4
Colombia	6.8	126.4
Costa Rica	0	6.7
Dominican Rep.	0	18.9
Ecuador	0.1	28.0
El Salvador	0	1.1
Guatemala	0	18.2
Guyana	0	2.0
Haiti	0	1.5
Honduras	0	10.5
Jamaica	0	10.4
Mexico	25.2	755.5
Nicaragua	0	9.5
Panama	0	7.8
Paraguay	0.3	13.9
Peru	9.2	65.5
Trinidad/Tobago	0.7	3.1
Uruguay	0	23.5
Venezuela	0	32.1
Regional	0	10.0
South Asia		
Afghanistan	0	0.3
Bangladesh	0	2.6
India	43.7	267.1
Nepal	3.0	11.4
Pakistan	27.4	191.9
Sri Lanka	0.1	35.7
Europe/Middle East/N.Africa		
Cyprus	0	5.9
Egypt	8.0	196.4
Finland	0	3.1
Greece	0	67.1
Iran	0	42.5
Israel	0	10.5
Italy	0	1.0
Jordan	0.7	94.9
Lebanon	0	9.1
Morocco	0	99.1
Oman	0	2.0
Portugal	14.5	25.8
Spain	0	20.7
Tunisia	1.0	22.8
Turkey	150.0	389.3
Yemen AR	0	7.0
Yugoslavia	64.7	421.7

	FY1984 Total	Cumulative (FY1956-84)
Africa		
Botswana	0	0.4
Burundi	0	5.6
Cameroon	0	15.3
Congo	1.5	5.2
Ethiopia	0	15.8
Gambia	3.0	3.0
Ghana	60.0	60.0
Guinea	0	14.8
Ivory Coast	1.3	12.3
Kenya	47.2	116.3
Lesotho	0	0.3
Liberia	0.2	0.7
Madagascar	0	15.2
Malawi	0	25.8
Mali	0	2.9
Mauritania	0	20.0
Mauritius	0	2.4
Niger	0	2.1
Nigeria	4.9	27.1
Rwanda	0.3	1.1
Senegal	3.2	36.2
Sierra Leone	0	2.1
Somalia	0	0.4
Sudan	0	33.0
Swaziland	0	8.5
Tanzania	3.9	11.8
Uganda	2.9	17.1
Upper Volta	0	0.5
Zaire	0.6	5.7
Zambia	5.8	91.4
Zimbabwe	2.3	40.3
Regional	0	0.7
East Asia		
Australia	0	1.0
Fiji	0	6.0
Indonesia	7.1	169.3
Korea, South	34.6	171.7
Malaysia	1.0	9.7
Philippines	0	159.7
Taiwan	0	9.8
Thailand	57.7	226.7
Regional	1.1	1.1

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MDB Lending to Individual Countries
INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

(Million US $)

	FY1984 Total	Cumulative (FY1961-84)
Latin America		
Bolivia	0	105
Chile	0	19
Colombia	0	20
Costa Rica	0	6
Dominica	0	5
Dominican Rep.	0	22
Ecuador	0	37
El Salvador	0	26
Guyana	0	39
Haiti	19	224
Honduras	0	83
Nicaragua	0	60
Paraguay	0	46
St.Vincent	5	5
Regional	0	14
South Asia		
Afghanistan	0	230
Bangladesh	393	2,940
Bhutan	9	9
Burma	55	665
India	1,001	12,530
Maldives	0	8
Nepal	149	505
Pakistan	175	2,021
Sri Lanka	55	710
East Asia		
China	424	734
Indonesia	0	932
Korea, South	0	111
Laos	0	53
Papua New Guinea	0	113
Philippines	0	122
Solomon Islands	4	10
Taiwan	0	15
Thailand	0	125
Vanuatu	2	2
Vietnam	0	60
Western Samoa	0	14
Europe/Middle East/N.Africa		
Egypt	0	981
Jordan	0	85
Morocco	0	51
Syria	0	47
Tunisia	0	75
Turkey	0	179
Yemen AR	56	395
Yemen PDR	17	171

	FY1984 Total	Cumulative (FY1961-84)
Africa		
Benin	35	209
Botswana	0	16
Burundi	5	183
Cameroon	0	253
Cape Verde	0	7
C.A.R.	0	79
Chad	0	79
Comoros	8	33
Congo	0	75
Djibouti	6	15
Eq.Guinea	6	10
Ethiopia	105	605
Gambia	21	56
Ghana	125	406
Guinea	47	202
Guinea-Bissau	8	53
Ivory Coast	0	8
Kenya	65	697
Lesotho	15	85
Liberia	18	107
Madagascar	31	426
Malawi	83	409
Mali	71	319
Mauritania	8	87
Mauritius	0	20
Niger	12	226
Nigeria	0	36
Rwanda	9	218
Senegal	62	349
Sierra Leone	22	111
Somalia	32	227
Sudan	91	873
Swaziland	0	8
Tanzania	35	788
Togo	0	197
Uganda	123	490
Upper Volta	7	254
Zaire	67	562
Zambia	22	131
Zimbabwe	0	54
Regional	75	92

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MDB Lending to Individual Countries
INTER-AMERICAN DEVELOPMENT BANK (IADB)

(Million US $)

	1983 Total	Cumulative (1961-83)
Argentina	80	2,717
Bahamas	0	5
Barbados	5	66
Bolivia	59	916
Brazil	441	4,476
Chile	548	1,552
Colombia	406	2,141
Costa Rica	42	686
Dominican Republic	96	901
Ecuador	83	1,126
El Salvador	25	609
Guatemala	168	793
Guyana	0	118
Haiti	19	226
Honduras	130	670
Jamaica	120	406
Mexico	286	3,119
Nicaragua	31	466
Panama	112	637
Paraguay	49	509
Peru	265	1,431
Trinidad and Tobago	0	19
Uruguay	50	427
Venezuela	30	334
Regional	0	686

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MDB Lending to Individual Countries
AFRICAN DEVELOPMENT BANK (AFDB)

(Million US $)

	1983 Total	Cumulative (1967-83)
Algeria	0	24
Angola	61	63
Benin	0	79
Botswana	38	126
Burundi	12	116
Cameroon	24	116
Cape Verde	2	34
C.A.R.	15	78
Chad	0	43
Comoros	0	57
Congo	0	87
Djibouti	13	14
Egypt	22	144
Eq.Guinea	5	21
Ethiopia	55	179
Gabon	20	69
Gambia	21	69
Ghana	31	96
Guinea	44	100
Guinea-Bissau	6	53
Ivory Coast	14	65
Kenya	56	166
Lesotho	16	81
Libya	0	0
Liberia	19	91
Madagascar	76	123
Malawi	21	114
Mali	1	109
Mauritania	0	57
Mauritius	0	33
Morocco	32	114
Mozambique	0	119
Niger	3	67
Nigeria	0	7
Rwanda	32	105
Sao Tome	0	8
Senegal	5	75
Seychelles	9	21
Sierra Leone	0	48
Somalia	5	61
Sudan	0	69
Swaziland	11	59
Tanzania	22	138
Togo	0	69
Tunisia	47	170
Uganda	38	126
Upper Volta	14	75
Zaire	72	215
Zambia	27	127
Zimbabwe	7	46
Regional	34	117

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MDB Lending to Individual Countries
ASIAN DEVELOPMENT BANK (ADB)

(Million US $)

	1983 Total	Cumulative (1967-83)
Afghanistan	0	95
Bangladesh	273	1,320
Bhutan	5	5
Burma	80	486
Cook Islands	0	3
Fiji	0	46
Hong Kong	0	102
Indonesia	426	2,366
Kampuchea	0	2
Kiribati	0	2
Korea, South	193	1,776
Laos	14	51
Malaysia	82	885
Maldives	0	1
Nepal	83	380
Pakistan	312	1,766
Papua New Guinea	28	165
Philippines	235	1,835
Singapore	0	181
Solomon Islands	8	23
Sri Lanka	35	356
Taiwan	0	100
Thailand	114	1,360
Tonga	2	8
Vanuatu	1	2
Vietnam	0	45
Western Samoa	2	37

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